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**ACNIS POLICY BRIEF**  
**Number One**

**NEW THREATS TO REGIONAL SECURITY:  
CONSIDERATIONS FOR ARMENIA**

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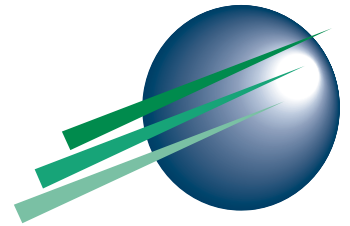
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**Introduction**

Regional security in the South Caucasus has long been dependent on the difficult balancing of outside pressure and internal challenges by the three states of the South Caucasus region -- Armenia, Azerbaijan, and Georgia. For much of the past two centuries, the South Caucasus served as an arena for competing empires and has been hostage to the competing interests of much more powerful outside regional powers. Some of those very same historic powers -- Russia, Turkey and Iran -- continue to exert influence as today's dominant actors in the region.

But most significantly, this combination of historical legacies and current realities has been matched by a recent shift in regional geopolitics. This shift in geopolitics is comprised of several elements, ranging from the challenges of energy security to the constraints from unresolved or "frozen" conflicts. But at the same time, more specific trends, such as Russia's reassertion of power and influence and the August 2008 war in Georgia, have posed the most powerful challenges to security and stability in the South Caucasus.

For Armenia, the threats to national security are also expressed on a deeper level, including more than new geopolitical changes, but challenges related to Armenia's struggle with a difficult course of economic and political reform, systemic transition and nation-building. Armenia is also burdened by the need to overcome the legacy of constraints from seven decades of Soviet rule. But it is the intersection of broader geopolitical challenges and deeper internal deficiencies that defines Armenia as a center in a "region at risk."

## **I. Redrawing the Regional Map: Implications for Armenia**

In many ways, it is now clear that the war in Georgia in August 2008 has redrawn the regional map in the South Caucasus. In the wake of that brief but dramatic war, Russia has only enhanced its power and influence in this region. In some ways reflecting this new Russian reassertion of power and influence Russia is also improving relations with both Turkey and Azerbaijan.

### ***The Russian-Turkish Embrace***

Although the recent improvement in Russia's relations with Turkey has been marked by a warm embrace between Moscow and Ankara, it is based on short-term considerations of the energy interests of both states and the new anti-Americanism within Turkey, which drives each country closer together. But the convergence of Russian and Turkish interests is limited over the longer-term by virtue of the fact that both countries are natural rivals in the region.

From an Armenian perspective, however, there is growing concern over this Russian-Turkish embrace, especially as Moscow seems intent on influencing the current state of Turkish-Armenian relations. Although Russian support for Armenian-Turkish diplomatic negotiations represents an important positive shift, it is largely due to the fact that it is now in Russia's interest to maximize the Turkish-Armenian border opening for its own purposes.

More specifically, although Russian policy has long been opposed to any significant improvement in relations between Armenia and Turkey and the closed border was seen as a helpful way to maintaining Russian dominance over Armenia, Russia's position has shifted dramatically recently. Moscow's stance has shifted most clearly in the wake of Russia's August war with Georgia, with a possible Armenian-Turkish rapprochement only serving to bolster the Russian strategy to more completely isolate, marginalize and surround Georgia.

Nevertheless, Russia will only remain supportive so long as the future course of Armenian-Turkish relations remains under its control. There are also added benefits for Russia from the issue, such as the possible sale of electricity to eastern Turkey from the Russian-owned energy network in Armenia. There was also a diplomatic coup by Moscow, as the Armenian invitation was made during an official visit to Moscow and coordinated closely with Russian officials.

### ***The Five-Day Russian-Georgian War***

With a ceasefire agreement signed on 13 August 2008, the brief five-day conflict between Georgian and Russian forces effectively ended. But in the aftermath of the war, Russian troops were not only able to significantly strengthen their positions within Georgia proper, but also threatened to permanently dismember the Georgian state, as Moscow's decision to formally recognize the independence of Georgia's two separatist regions of Abkhazia and South Ossetia now makes any future attempt at Georgian territorial reintegration extremely difficult.

Although the relatively brief duration of open hostilities now seem to have ended, the campaign has significantly decimated Georgian military capabilities and has effectively ended both Georgia's long-time aspirations for NATO membership and its hopes to retake its two break-

away regions of Abkhazia and South Ossetia. Although the initial Georgian offensive seems to have been triggered by a series of provocations, the Georgian military strategy was significantly flawed from the start, based on an underestimation of the Russian response and an overestimation of its own military capabilities.

Moreover, the Russian military campaign in Georgia was both rapid and overwhelming and, as the first military offensive beyond Russia's borders since the Soviet invasion of Afghanistan, it was largely unexpected. The Russian campaign moved well beyond the objectives of securing South Ossetia and Abkhazia and pushed through to secure a perimeter security zone within Georgia proper. An essential element of this plan was to decimate fundamental Georgian military capabilities by pursuing retreating Georgian units, destroying as much heavy equipment as possible and by specifically targeting all Georgian military facilities and bases, even those not involved in the conflict, in order to almost completely degrade Georgia's military capabilities.

Thus, due to the combination of fundamental tactical shortcomings and serious strategic blunders in the Georgian campaign to retake South Ossetia, it seems clear that the flaws in Georgian military planning were based on two key factors: an over-confident assumption of its own combat readiness and capabilities, as well as by a serious under-estimation of the scale and scope of the Russian response. On a broader level, the war with Georgia offered Russia an important opportunity to regain its leverage over the region, an opportunity that virtually remade the map of the South Caucasus and to redefined the parameters of the region's strategic landscape.

From the Russian perspective, the new regional reality was marked by three distinct achievements: first, an abrupt end to NATO expansion in the South Caucasus, at least for the near-term; second, the demise of Georgian capabilities to fulfill its ambitions as a fully fledged Western anchor in the region; and third, a serious spike in broader tension and looming confrontation with the West as a whole. Russia was also able to reaffirm the inherent energy insecurity of the South Caucasus, demonstrating the vulnerability of the region's pipelines and ports and raising new doubts over the reliability of Georgia as a key transit state. Interestingly, this lesson was also one of the most important concerns for both Turkey and Azerbaijan. In terms of the Azerbaijan-Georgia-Turkey energy chain, both Ankara and Baku were angered at what they interpreted as a Georgian blunder that portrayed them as weak and vulnerable.

### ***The Warming of Russian-Azerbaijani Relations***

For Armenia, the most important implication from recent changes within the Russian leadership stems from the possible shift or modification to Moscow's policies in the "Near Abroad." Although Armenia is already very much hostage to the broader course of Russian ambition and interest, changes in Russian policies in the region in general, and toward Azerbaijan more specifically, pose a serious threat to the security of both Armenia and Nagorno Karabagh.

For much of the past decade and a half, Armenia has remained ever firmly locked in the Russian orbit, with little or no tension between the two states. Over the past decade, the Russian position has only strengthened in Armenia, despite a parallel decline in Russian power and presence in the rest of the region. The overall trend in Russian relations with Armenia is consistent, however, and remains firmly rooted in the stability of a strategic relationship between the two

countries. Armenia is the only country in the South Caucasus region to openly host a Russian military base on its territory, and both sides seem content to maintain this relationship. But at the same time, Moscow's policies toward Yerevan actually weaken Armenian national security.

By its very nature, the strategic relationship between Armenia and Russia is rooted in the fundamental Armenian perception of Russia as protector, which reflects a natural affinity toward a Russian alliance. This affinity for a pro-Russian orientation is due to both the legacies of the Armenian Genocide and from seven decades of Soviet rule. But it is more than simply a legacy, however, as modern Armenia is increasingly concerned over the proximity of a contentious Turkey and Azerbaijan's militant rhetoric. But there are real limits to the net gains derived from Armenia's strategic partnership with Russia. Generally, the core limitation is rooted in the structural dependence of the relationship, as Armenia serves as less of a partner and more as a platform for Russia. An important factor contributing to this increasingly one-sided relationship has been a crucial mistake by Armenian leaders in underestimating Armenia's strategic importance to Russia while, at the same time, overestimating Russia's strategic significance to Armenia. While this imbalance has tended to distort the overall development of the country, it has also belittled and weakened Armenian independence and statehood.

## **II. Armenia and the CSTO**

Unlike Georgia, Armenia has never sought to become a full member of the NATO alliance. Although Armenia is a member of the NATO Partnership for Peace (PfP) program and maintains positive military ties with many countries of the West, including the US and Greece most notably, it also has military ties with China and an important place with the Russian-led Collective Security Treaty Organization (CSTO). To date, Armenia has been very successful in maintaining this military balance, and its deployment of peacekeepers to both Iraq and Kosovo have never raised Russian doubts or concerns.

### ***The Creation of New "Collective Rapid Response Forces"***

For Armenian national security and military needs, the continued threats of war and sizable defense spending in Azerbaijan have driven Armenian defense planners to secure a stronger place within the CSTO. In recent months, faced with the possibility for renewed war within a decade or so, Armenian officials have raised the alarm much more often. From that perspective, Armenian officials welcomed the 4 February 2009 decision during the Moscow summit of the Collective Security Treaty Organization (CSTO) -- a body to which Armenia belongs -- to create new "Collective Rapid Response Forces," aimed at becoming "an effective tool in providing security" within the CSTO, in the words of Russian President Dmitri Medvedev.

According to General Haik Kotanjian, the head of the Armenian Defense Ministry's Institute for National Strategic Studies, the decision "creates a solid political, treaty-legal and military foundation" for the collective defense of CSTO members including Armenia. According to Kotanjian, the new forces offer "a real mechanism of resisting aggression," hinting at the threat from Azerbaijan.

For Nagorno Karabagh as well, which after Russia's recognition of the independence of Abkhazia and South Ossetia from Georgia, is now the sole remaining "frozen" conflict in the region, the threats posed by a re-armed and re-assertive Azerbaijan can not be ignored. For the time being at least, Karabagh remains fairly secure, mainly due to the impressive professionalism and high state of readiness of the Karabagh military, in contrast to the generally poor state of the Azerbaijani armed forces. Most crucially, the tactical advantages of the Karabagh military's well-entrenched defensive fortifications also deter Azerbaijani aggression in the medium-term.

### **III. The Impact of the Georgian War on Armenia**

Even before the August 2008 war in Georgia, there were several dangerous trends in the region already evident. These regional trends, ranging from a regional "arms race" to a shift in the fragile military balance of power in the region, posed new and very serious threats to Armenian national security.

#### ***A Regional Arms Race***

For several years, there has been a marked increase in a regional competition over defense spending. As Azerbaijan escalates its defense spending on a massive scale, Armenia is compelled to keep pace, fueling a new "arms race" in the region. Over the medium term, the danger for Armenia is not simply to match Azerbaijan's military spending and rearmament, but to prepare for a possible emergence of a much stronger Azerbaijani military. In addition, there is a related worry over Azerbaijan's militant rhetoric to "solve" the Nagorno Karabagh conflict by force has been bolstered by several years of billion-dollar-plus defense budgets. That combination of militant rhetoric and military spending now poses one of the most serious threats to regional security and stability.

#### ***The Delicate Balance of Power***

Obviously, the military balance of power in the region is changing. The war in Georgia last August has weakened Georgian military capabilities, strengthened Russian military influence and has effectively ended the concept of NATO expansion in the South Caucasus. But a deeper trend that was already underway well before the August conflict, as Azerbaijan seems poised to emerge as the dominant military actor in the region over the medium- to long-term. And as demonstrated in Baku's repeated threats to "solve" the Karabagh issue by force. Azerbaijan is clearly one of the most militarily ambitious of the former Soviet states, but also threatens to upset the delicate balance of power in the region.

#### ***Azerbaijan's Military Aspirations***

But the larger problem stems from Azerbaijan's military aspirations, as Baku has repeatedly asserted a commitment to building a modern, self-sufficient armed forces on its own terms, rejecting the patronage of both NATO and Russia. Yet the course of military reform in Azerbaijan has been particularly difficult in recent years and, despite a sharp increase in its annual defense budget financed by its energy wealth, the outlook for Azerbaijan's rise as a regional power is far from certain.

Despite the benefits of three consecutive years of defense budgets of more than \$1 billion, Azerbaijan has accomplished little to date in terms of procuring advanced weapons systems or investing in modern equipment. Of its three branches of service, both the army and air force have continued to suffer from neglect, with continued shortages of spare parts and poor equipment maintenance. In addition, the Azerbaijani Air Force continues to suffer from shortfalls in munitions, ordnance and even aviation fuel, making the service the least combat-ready force within the Azerbaijani armed forces. The Azerbaijani army, traditionally the core service of the armed forces, also lacks power projection capabilities and is far from attaining even a minimum level of combat-readiness.

Thus, the real potential for building a modern armed forces in Azerbaijan remains little more than a distant promise at this stage. And even with the enormous state budgets for defense, a relatively small proportion of defense spending has actually been spent on arms, training and essential equipment. Moreover, although the future of Azerbaijan as a regional military power seems certain, it will require at least a decade of sustained and serious military reform before Azerbaijan can even begin to realize its potential as the dominant military power in the region.

### ***The Russian Role in the Region***

Within a context of an even stronger Russian position in the region, and even despite the tension in US-Russian relations, both Moscow and Washington remain committed to keeping the OSCE Minsk Group as the main and most important mechanism for the conflict mediation process. In fact, both Russia and the US share a commitment to cooperate in mediating the Karabagh conflict: for Moscow the “status quo” is preferred and enhances Russia’s position, while for Washington, the process is necessary to prevent any Azerbaijani temptation to restart a war over Karabagh.

But what is most troubling for regional security is the fact that Azerbaijan sees a different lesson from the recent conflict in Georgia. Many in Azerbaijan see that the most serious Georgian mistake was not their decision to launch a military campaign to retake South Ossetia, but rather, Georgia’s strategic mistake was launching military operations before they were fully prepared or strong enough. Thus, the Azerbaijani view of the lesson from the war in Georgian is that it is better for them to wait until they are strong enough and ready to wage war to retake Karabagh.

### **IV. Addressing New Security Threats: Armenia’s Response**

We see that the traditional regional players in the region, Russia, Turkey and Iran, are now also competing for influence with the United States and the European Union. But the most significant factor for Armenia is not the role of outside players in the region, but the challenge of addressing Armenia’s unresolved domestic political crisis. Without the foundation of resilient democracy, a population whose needs are met and an economy based on opportunity, Armenia will not be strong or stable enough to resist the outside influence of external actors. In this way, Armenia needs to tackle these internal challenges in order to strengthen its own sovereignty and statehood.

As an arena for both cooperation and competition, the region is strategically significant, by virtue of its geographic and geopolitical vulnerability as a region where the national interests of Russia, Turkey, Iran and the United States all converge. Over the long-term, in order to acquire durable security in the South Caucasus, however, the real imperatives are internal in nature, stemming from several key challenges: the need to graduate from the political school of elections driven by power not politics, and for leaders to be elected, not simply selected. Legitimacy is the key determinant for durable security and stability, while the strategic reality of the region is defined less by geopolitics, and more by local politics and economics. But most crucial is the lesson that institutions matter more than individuals for real democratization.

For Armenia, there seems to be a dangerous lack of appreciation of these trends, however, and more seriously, is compounded by an incomplete Armenian strategy for national security, only matched by a lack of a coherent process of national security. Specifically, the course of Armenian national security has failed to evolve beyond the parameters of the Karabagh conflict and has only led to a hardening of Armenian political thinking in recent years, fostering an increasingly rigid nationalist posture, a closed system of politics and limited political discourse.

But it is also the absence of the process more than the policy of national security that is most worrisome. One of the most glaring deficiencies is demonstrated by the current lack of an institutionalized national security. The first problem is structural, as the Armenian National Security Council is rarely convened as a full consultative body and, even when it meets, is usually focused on the implementation, rather than the formulation, of decisions.

Thus, the redefinition of Armenian national security reveals the need for not only for a clear and coherent redefinition national security, but for a new recognition of national security as a dynamic, not static, process beyond policy. But the imperative for overcoming Armenia's national insecurity is to first address the underlying military, political and economic trends. The overwhelming focus on so-called external threats to Armenian national security has been both misplaced and mistaken. Such "threat misperception" is rooted in a rigid nationalism has been compounded by the closed and subjective nature of national security and defense policy-making.

The overwhelming need, therefore, is to institute a process of national security and defense that elevates Armenia's true national interests over more parochial partisan interests and that recognizes that the core challenges to Armenian national security come not from Turkey or even Azerbaijan, but from within. Only then, can Armenia attain real security and lasting stability.

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